

Message Text

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PAGE 01 OECD P 33688 241948Z

70

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-07 FRB-03 INR-07 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00

PM-04 H-02 L-03 NSC-05 PA-01 PRS-01 SS-15 USIA-06

XMB-02 /114 W

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R 241905Z DEC 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 9924

INFO USMISSION EC BRUSSELS

USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: GOVERNMENT PURCHASING: WHERE WE GO FROM HERE

REF: OECD PARIS 32544

1. SUMMARY MISSION RECOMMENDS THAT US OBJECTIVE IN
GOVERNMENT PURCHASING DISCUSSION AT NEXT TRADE COMMITTEE
MEETING SHOULD BE TO GIVE IMPULSE TO COMPLETION OF CODE
BY HAVING TC ESTABLISH SEPARATE GROUP ON GOVERNMENT PUR-
CHASING. GROUP WOULD ELECT OWN CHAIRMAN AND HAVE MANDATE
TO NEGOTIATE SINGLE TEXT ON ALL OUTSTANDING ISSUES. WE
ALSO RECOMMEND THAT US CONSULT WITH OTHER KEY DELS DUR-
ING JANUARY IN ORDER TO PRECOOK WHATEVER OUTCOME US
DESIRERS FROM TC IN AREA OF GOVERNMENT PURCHASING. END
SUMMARY

2. WHERE WE STAND: WHILE MISSION BELIEVES DEC 8-12
MEETING (SEE REFTEL) ON GOVT PURCHASING LEFT MUCH TO BE
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PAGE 02 OECD P 33688 241948Z

DESIRED IN TERMS OF PROGRESS TOWARD AGREED TEXT OF CODE,

WE TAKE SOME MILD ENCOURAGEMENT FROM FACT THAT EC COMMISSION WAS ABLE TO PRESENT UNIFIED EC POSITION ON MOST KEY ISSUES. ADMITTEDLY EC POSITIONS ARE NOT VERY DEEPLY AGREED AT PRESENT TIME AND OFFER LITTLE IN TERMS OF MOVEMENT TOWARD US POSITION. NEVERTHELESS, PROBLEM SEEMS SOMEWHAT SHIFTED FROM ONE OF GETTING EC TO HAVE A POSITION TOWARD GETTING EC TO COMPROMISE ON SUBSTANCE. QUESTION WHICH NOW FACES USG IS HOW TO MOBILIZE INTEREST AND ENERGY OF PARTICIPANTS IN GOVERNMENT PURCHASING EXERCISE AT SUFFICIENTLY HIGH LEVEL TO CREATE FRAMEWORK IN WHICH SUCH COMPROMISE WILL BE FORTHCOMING. USEC'S COMMENTS ON THIS ASSESSMENT WOULD BE WELCOME.

3. CASE FOR A GROUP ON GOVERNMENT PURCHASING: WORK ON CODE CURRENTLY TAKES PLACE IN TRADE COMMITTEE WORKING PARTY, A STANDING GROUP WHICH HANDLES OTHER SUBJECTS AS WELL AND HAS A MEMBER OF A PARIS DELEGATION (NOT USUALLY VERY KNOWLEDGEABLE ABOUT GOVERNMENT PURCHASING) AS CHAIRMAN. WE BELIEVE APPROPRIATE WAY TO RAISE LEVEL OF CONSIDERATION BY MEMBER GOVERNMENTS OF PURCHASING CODE ISSUES WOULD BE TO PROPOSE ESTABLISHMENT OF A SEPARATE GROUP ON GOVERNMENT PURCHASING. GROUP WOULD NEED NEW MANDATE AND FACT THAT TC WOULD HAVE TO FOCUS ON THIS SHOULD IN ITSELF ENSURE TC DISCUSSION DEALS WITH SOME OF CRITICAL ISSUES IN NEGOTIATING CODE (MORE SO THAN TCWP'S REPORT, WHICH WILL BE NEUTRAL ACCOUNT OF UNRESOLVED PROBLEMS). AGREEMENT TO ESTABLISHMENT OF NEW GROUP WITH MANDATE TO "NEGOTIATE" COULD HELP CREATE ATMOSPHERE OF MUTUAL CONFIDENCE NECESSARY TO MAKE PROGRESS ON DISPUTED ELEMENTS OF CODE. AS WITH GROUPS ON EXPORT CREDITS AND PREFERENCES, THIS GROUP WOULD CHOOSE OWN CHAIRMAN WHO COULD BE INFLUENTIAL IN STIMULATING FURTHER PROGRESS ON CODE. UNDER OECD RULES TC CAN ITSELF TAKE DECISION TO SET UP SUCH A GROUP FOR A PERIOD OF ONE YEAR.

4. CHAIRMAN: ONE OF ATTRACTIVE FEATURES OF ESTABLISHING SPECIAL GROUP WOULD BE ABILITY OF GROUP TO SELECT OWN CHAIRMAN. DESIRABILITY OF SEPARATE GROUP MAY IN FACT DEPEND SOMEWHAT ON WHETHER RIGHT PERSON CAN BE LIMITED OFFICIAL USE

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PAGE 03 OECD P 33688 241948Z

FOUND TO CHAIR IT, SINCE CHAIRMAN CAN BE EXPECTED TO PLAY INCREASINGLY IMPORTANT ROLE AS NEGOTIATIONS PROGRESS AND COULD BE KEY FIGURE IN BILATERAL AND PLURILATERAL CONSULTATION THAT WILL NO DOUBT BE NECESSARY ON IMPORTANT ISSUES. LEAVING OUT US AND EC COMMISSION AS MAIN PROTAGONISTS, AND CANADA AS MAIN ALLY OF US, A GOOD NEUTRAL CANDIDATE MIGHT BE WIIK OF SWEDEN.

5. MANDATE OF GROUP: EXISTING MANDATE OF TCWP IS INSTRUCTION BY TC IN FEB OF 1973 TO ELABORATE A SOLUTION IN THE FORM OF A WRITTEN TEXT, SHOWING ALTERNATIVE VERSIONS IF NECESSARY AND WITHOUT PREJUDICE TO THE FRAMEWORK AND POSSIBLE CONDITIONS OF IMPLEMENTATION. IN 1974 MANDATE WAS EXTENDED TO COVER COLLECTION OF DATA FOR DETERMINING THE BALANCE AND SCOPE OF THE AGREEMENT. WE BELIEVE NEW MANDATE SHOULD ASK GROUP TO NEGOTIATE SINGLE AD REFERENDUM TEXT OF CODE ON BASIS OF SOME COMMON ASSUMPTIONS OF WHAT WILL HAPPEN TO CODE AFTER IT LEAVES OECD. LAST ELEMENT IS ESSENTIALLY A QUESTION, ASSUMING OECD MEMBERS WOULD NORMALLY NOT WISH TO REOPEN CODE IN MTN, OF ROLE TO BE PLAYED BY LDC'S. PRELIMINARY US POSITION HAS BEEN, WE BELIEVE, THAT CODE SHOULD HAVE MAXIMUM FEASIBLE MEMBERSHIP. EC COMMISSION'S THINKING, JUDGING FROM DERISBOURG'S OFF-THE-CUFF STATEMENT AT LAST TCWP, APPEARS TO BE TENDING TOWARD LEAVING LDC'S OUTSIDE CODE. THE DIFFERING IMPLICATIONS OF THESE POSITIONS FOR KEY ISSUES SUCH AS DECISION MAKING UNDER SAFEGUARD AND SURVEILLANCE PROCEDURES IS CLEAR, AND EITHER US AND EC COULD REACH COMMON POSITION ON THIS OR GROUP COULD BE INSTRUCTED TO NEGOTIATE CODE UNDER BOTH ASSUMPTIONS.

6. TC COULD ALSO MAKE CLEAR TO NEW GROUP THAT IT WAS EXPECTED TO CONDUCT ITSELF WITH GREATER FLEXIBILITY REGARDING DURATION AND FREQUENCY OF MEETINGS THAN TCWP HAS IN PAST AND TO MAKE USE OF WHATEVER ORGANIZATIONAL TECHNIQUES WERE NECESSARY TO FACILITATE REACHING AGREEMENT, INCLUDING AD HOC WORKING GROUPS OF LIMITED MEMBERSHIP. CONSIDERATION MIGHT ALSO BE GIVEN TO HAVING GROUP MEET PERIODICALLY AT HIGHER LEVEL THAN THAT OF EXISTING WORKING PARTY. TC COULD ALSO SET COMPLETION PERIOD OF ONE YEAR FOR GROUP'S WORK. AFTER ONE YEAR GROUP'S LIMITED OFFICIAL USE

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PAGE 04 OECD P 33688 241948Z

EXISTENCE WOULD IN ANY CASE HAVE TO BE EXTENDED BY DECISION OF OECD COUNCIL OR EXECUTIVE COMMITTEE.

7. PREPARATION FOR TC: WHATEVER OBJECTIVE US SETS FOR OUTCOME OF TRADE COMMITTEE DISCUSSION OF THIS SUBJECT, WE STRONGLY RECOMMEND US EXPLORE REACTION OF EC COMMISSION AND OTHER KEY DELS BILATERALLY IN EARLY JANUARY. TCWP MEETING JAN 12-13 TO GO OVER REPORT TO TC WOULD OFFER ADDITIONAL OPPORTUNITY TO CONSULT INFORMALLY ABOUT HOW TO GET DOWN TO MORE SERIOUS NEGOTIATIONS ON CODE. IF USG IS INTERESTED IN ESTABLISHING SEPARATE GROUP, WE BELIEVE IT VITAL THAT START BE MADE AS SOON AS POSSIBLE TO NAIL DOWN CHAIRMANSHIP QUESTION.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, STANDARDS, GOVERNMENT PROCUREMENT, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OECDP33688
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750447-0964
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751211/aaaaajpj.tel
Line Count: 168
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 OECD PARIS 32544
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 23 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 APR 2003 by MartinML>; APPROVED <10 JUL 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOVERNMENT PURCHASING: WHERE WE GO FROM HERE
TAGS: ETRD, US, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006